

Message Text

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43

ACTION EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01

/178 W

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R 042100 Z MAY 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4859

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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PASS AGRICULTURE

E. O. 11652: GDS

TAGS: EAGR: GW

SUBJECT: SUGAR- ADDED LEVY ON WATER PACKED FRUIT

REF: A. BONN 1241, JAN 24, 1973; (B) BONN 10936, AUG 10, 1972,
(C) EC A-273, SEPT 29, 1972

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1. BEGIN SUMMARY: FRG MINISTRY OF AGRICULTURE OFFICIALS DISCLOSED TO ASSISTANT AGRICULTURAL ATTACHE THAT IN RESPONSE TO REPEATED EMBASSY OVERTURES, THE FRG HAS SUBMITTED A DRAFT PROPOSAL TO THE EC COMMISSION TO GROUP SOUR TART CHERRIES WITH A NATURAL SUGAR CONTENT OF UP TO FIFTEEN PERCENT INTO A TARIFF POSITION THAT WOULD NOT SUBJECT THIS PRODUCT TO THE SUGAR ADDED LEVY. ALTHOUGH REPORTEDLY AGREED TO BY ALL EC MEMBERS AND THE COMMISSION, THE DRAFT WILL NOT BE PUBLISHED IMMEDIATELY, BUT MAY BE HELD UNTIL THE START OF GATT NEGOTIATIONS FOR DISCUSSIONS WITH THE U. S. END SUMMARY.

2. DURING A MEETING WITH FRG MINAG OFFICIALS TO DISCUSS THE PENDING CHERRY IMPORT TENDER, AND ACCOMPANIED BY MR. ROBERT FROHLING, EXEC. SEC. NATIONAL RED CHERRY INSTITUTE, ASSISTANT AGATTACHE WAS ADVISED THAT SOUR TART CHERRIES WITH A NATURAL SUGAR CONTENT OF UP TO 15 PERCENT WOULD BE PLACED IN TARIFF POSITION 2006: B- II- C-1 AND THUS NOT BE SUBJECT TO THE SUGAR ADDED LEVY PROVISIONS OF THE EC DRAFT AMENDMENT TO EC REGULATION 865/68.

3. THE PROPOSAL WILL BE ADDED TO THE TARIFF GROUPING INSTRUCTIONS UNDER CAPITAL 20, NO. 2 INFORMALLY TRANSLATED AS FOLLOWS: QUOTE... CONTRARY, HOWEVER, FRUIT OF TARIFF POSITION 2006 WITHOUT ADDED ALCOHOL, INCONTAINERS WITH A NET CONTENT OF THREE KILOGRAMS OR MORE, WITH A SUGAR CONTENT OF NOT MORE THAN FIFTEEN PERCENT -- BANANAS WITH A SUGAR CONTENT OF NOT MORE THAN TWENTY- THREE PERCENT -- WILL BE GROUPS UNDER 2006: B- II- C-1. BANANAS WITHOUT ADDED ALCOHOL, IN CONTAINERS HAVING A NET CONTENT LESS THAN 4.5 KILOGRAMS WITH A SUGAR CONTENT OF NOT MORE THAN TWENTY- THREE PERCENT WILL BE GROUPED UNDER TARIFF POSITION 2006: B- II- E-2. UNQUOTE.

4. EMBASSY COMMENT: THE FRG HAS APPARENTLY TAKEN THE INITIATIVE TO ACCOMMODATE U. S. INTERESTS IN A MATTER THAT WAS BECOMING INCREASINGLY EMBARRASSING. OF SIGNIFICANCE TO THE U. S. IS THE FACT THAT THE U. S. NO. 10 CAN (NET CONTENTS OF 3 KILOGRAMS) WILL BE INCLUDED IN A TARIFF POSITION NORMALLY RESERVED FOR CONTAINERS HAVING A NET CONTENT OF 4.5 KILOGRAMS OR MORE, THE ONLY POSITION CLASSIFICATION UNDER 2006 WHICH IS NOT SUBJECT TO THE SUGAR- ADDED LEVY. U. S. WATER- PACKED CHERRIES IN NO. 10 CANS ARE CLASSIFIED UNDER 2006: B- II- A-7 WHICH ACCORDING TO THE EC REQUIRES A DUTY OF TWENTY- TWO PERCENT PLUS THE SUGAR ADDED LEVY. UNDER THE DRAFT PROPOSAL, HOWEVER, THE DUTY AMOUNTS TO 23 PERCENT BUT EXCLUDES THE SUGAR ADDED CHARGES. BECAUSE OF PERCENT MARKET LIMITED OFFICIAL USE

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PRICES, THE SUGAR ADDED LEVY ON TART CHERRIES AMOUNTS TO LESS THAN ONE PERCENT OF THE PRODUCT VALUE; THUS IF THE PROPOSAL WERE TO BECOME EFFECTIVE UNDER PRESENT PRICES, THE TOTAL CHARGES WOULD PROBABLY

EVEN INCREASE, ALBEIT SLIGHTLY, AS A RESULT OF THE RECLASS-
IFICATION. CASH

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*** Current Classification *** LIMITED OFFICIAL USE

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To: BRUSSELS
COPENHAGEN
DUBLIN
EB
LONDON
LUXEMBOURG
PARIS

SECSTATE WASHDC
THE HAGUE

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